

_____ BILL NO. _____

INTRODUCED BY _____
(Primary Sponsor)

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A UTILITY TO CONDUCT A NET METERING STUDY;
REQUIRING THE PUBLIC SERVICE COMMISSION TO REVIEW NET METERING CLASSIFICATIONS UNDER
CERTAIN CIRCUMSTANCES; ESTABLISHING TIMELINES; ALLOWING FOR A FEE; GRANTING
RULEMAKING AUTHORITY; AMENDING SECTIONS 69-1-114, 69-1-402, AND 69-8-602, MCA; AND
PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Cost of service analysis -- commission consideration and rulemaking.

(1) Before September 1, 2015, the commission shall require that a public utility:

(a) conduct a study of the cost of service of customer-generators, as defined in 69-8-103; and

(b) submit the study to the commission for the purpose of making determinations pursuant to subsection

(2).

(2) (a) Upon the submission of the study required pursuant to subsection (1), the commission shall
commence a proceeding pursuant to 69-3-306 to determine whether customer-generators should be served
under a separate classification of service. In the proceeding, the commission shall:

(i) consider all costs and benefits of net metering that are relevant for ratemaking considerations; and

(ii) except as provided for in subsection (2)(b), issue an order within 270 days after the commencement
of the proceeding.

(b) The commission may, for good cause, extend the time for issuing an order.

(c) The commission may engage independent consultants or advisory services to evaluate a utility's cost
of service study.

(d) The commission shall charge a fee to the utility to pay for the costs of independent consultants or
advisory services. Costs are recoverable in rates.

(3) The commission may adopt rules necessary to establish the information required for inclusion in a
cost of service study conducted in accordance with subsection (1)(a).

1 **Section 2.** Section 69-1-114, MCA, is amended to read:

2 **"69-1-114. Fees.** (1) Each fee charged by the commission must be reasonable.

3 (2) Except for a fee assessed pursuant to 69-3-204(2), 69-8-421(10), [section 1(2)(d)], or 69-12-423(2),
4 a fee set by the commission may not exceed \$500.

5 (3) All fees collected by the department under 69-8-421(10) must be deposited in an account in the
6 special revenue fund. Funds in this account must be used as provided in 69-8-421(10).

7 (4) All fees collected by the department under [section 1(2)(d)] must be deposited in an account in the
8 special revenue fund. Funds in this account must be used as provided in [section 1]."

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10 **Section 3.** Section 69-1-402, MCA, is amended to read:

11 **"69-1-402. Funding of department of public service regulation.** (1) All fees collected under this
12 section and any other fees, except as provided in 69-1-114(3) or (4), must be deposited in an account in the state
13 special revenue fund to the credit of the department. An appropriation to the department may consist of a base
14 appropriation for regular operating expenses and a contingency appropriation for expenses due to an
15 unanticipated caseload.

16 (2) In addition to all other licenses, fees, and taxes imposed by law, all regulated companies shall, within
17 30 days after the close of each calendar quarter, pay to the department of revenue a fee based on a percentage
18 of gross operating revenue reported pursuant to 69-1-223(2)(a), as determined by the department of revenue
19 under 69-1-403.

20 (3) The amount of money that may be raised by the fee on the regulated companies during a fiscal year
21 may not be increased, except as provided in 69-1-224(1)(c), from the amount appropriated to the department by
22 the legislature for that fiscal year, including both base and contingency appropriations. Any additional money
23 required for operation of the department must be obtained from other sources in a manner authorized by the
24 legislature."
25

26 **Section 4.** Section 69-8-602, MCA, is amended to read:

27 **"69-8-602. Utility net metering requirements.** A utility shall:

28 (1) allow net metering systems to be interconnected using a standard kilowatt-hour meter capable of
29 registering the flow of electricity in two directions; unless the commission determines, after appropriate notice and
30 opportunity for comment:

(a) that the use of additional metering equipment to monitor the flow of electricity in each direction is necessary and appropriate for the interconnection of net metering systems, after taking into account the benefits and costs of purchasing and installing additional metering equipment; ~~and~~

(b) how the costs of net metering are to be allocated between the customer-generator and the utility; and

(c) that a separate classification of service is necessary, after accounting for the costs and benefits of net metering relevant to ratemaking in accordance with utility studies and commission analysis conducted in accordance with [section 1]; and

(2) charge the customer-generator a minimum monthly fee that is the same as other customers of the electric utility in the same rate class. The commission shall determine, after appropriate notice and opportunity for comment, if:

(a) the utility will incur direct costs associated with interconnecting or administering net metering systems that exceed any offsetting benefits associated with these net metering systems; and

(b) public policy is best served by imposing these costs on the customer-generator, rather than allocating these costs among the utility's entire customer base."

NEW SECTION. Section 5. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 69, chapter 8, part 6, and the provisions of Title 69, chapter 8, part 6, apply to [section 1].

NEW SECTION. Section 6. Effective date. [This act] is effective on passage and approval.

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